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SIPDIS

STATE FOR NEA/ARP

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TAGS: [PGOV](#) [EFIN](#) [SOCI](#) [KU](#)

SUBJECT: (U) GOK WINS SOCIAL SECURITY AND PENSION BATTLE,
BUT NOT THE WAR

REF: 02 KUWAIT 5179

Classified By: DCM Frank C. Urbancic for reason 1.5 (d)

1. (SBU) Summary and Comment: On December 30, the National Assembly defeated budget-busting amendments to Kuwait,s social security and pension law, and approved GOK-sponsored ones instead, temporarily allaying fears that Kuwait,s Social Security fund would be bankrupt by 2026. While the victory shows the Kuwaiti government can still overcome significant, populist opposition, it has not solved the problem of how to keep Kuwait,s Social Security fund solvent; it has only postponed it. End Summary and Comment.

2. (U) During its 2001 session, Kuwait,s National Assembly passed amendments to the current Social Securities law (Law 25) which would have had the following budget-busting implications:(a) remove the minimum retirement age requirement for men engaged in hazardous work, (b) slow the rate at which the age of eligibility advances to make it 55 by 2020, (c) increase the pension by 50 dinars per month for anyone receiving less than 700 dinars per month, and (d) remove the minimum retirement age requirement for women (reftel).

3. (U) Citing concerns over the strain such proposals would have on Kuwait,s budget, the Amir returned the bill to the Assembly, which was unable to muster the necessary two-thirds vote to overcome the veto. The law was consequently held over until 2002 session, and led to a shouting match during the opening session, with legislators demanding it be the first agenda item. To resolve the issue, the assembly agreed to hold a December 30 special session .

4. (U) During December 30,s special session, the National Assembly voted down the bill 28-31, approving the government,s counterproposal in its place. The new amendments also strain the budget, but to a lesser extent. They: (a) remove the minimum retirement age requirement for men engaged in hazardous work who have been enrolled in the Social Security program for 20 years, (b) slow the rate at which the age of eligibility advances to make it 55 by 2020, (c) increase the pension to between 50 and 200 dinars for families with five children or more who receive less than 650 dinars per month, and (d) set the minimum retirement age for women with 15 years of enrollment in the Social Security program at 40, sliding to 50 by 2017.

5. (SBU) After the session, de facto Prime Minister Shaykh Sabah al-Ahmed al-Sabah told the press that his concerns over the future of the social security budget had been assuaged, but admitted the changes were small. The law passed was 85 percent8 in conformity with the defeated amendments, he said.

6. (C) In a January 5 meeting with Poloffs, Deputy Speaker Meshari al-Anjari confirmed the government had made concessions in exchange for the votes necessary to pass its version of the amendments.

7. (SBU) Comment: Coming before an election season, the vote was a victory for the government, which has been damaged by two rancorous investigations, or grillings,8 of its ministers by the National Assembly. However, the vote does not solve the larger problem of social security fund solvency; with larger numbers of women and younger citizens entering an increasingly tight job market, the GOK still needs to rein in its generosity in order to ensure the long-term viability of the Social Security fund. End Comment.

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